

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6277**

**BILL NUMBER: SB 42**

**NOTE PREPARED:** Feb 11, 2021

**BILL AMENDED:** Feb 11, 2021

**SUBJECT:** Local Government Budgets.

**FIRST AUTHOR:** Sen. Bohacek

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) The bill prohibits a county, city, town, or township from reducing its annual public safety budget for the ensuing fiscal year by an amount that is more than the percentage by which the anticipated revenue for the ensuing budget year is less than the anticipated revenue in the current budget year.

The bill also provides that a unit may not transfer more than 5% of the funds appropriated to the public safety budget to a non-public safety purpose, unless the executive declares that an emergency exists and the transfer is necessary to protect the public health, welfare, or safety. It exempts public safety budget reductions that are the result of a reorganization of a unit under the Government Modernization Act.

**Effective Date:** July 1, 2021.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) *Constraints on Budget Decreases:* The bill would prohibit a county, city, town, or township from reducing its annual public safety budget for the ensuing fiscal year by a larger percentage than the anticipated revenue decrease from the current budget year to the ensuing budget year. The bill provides that a unit may not transfer more than 5% of the funds appropriated to the public safety budget to a non-public safety purpose, unless the executive declares that an emergency exists, and the transfer is necessary to protect the public health, welfare, or safety. These constraints could potentially limit the budgetary flexibility of local units.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Counties, municipalities, or townships.

**Information Sources:**

**Fiscal Analyst:** Heather Puletz, 317-234-9484.